

House Amendment to
Senate File 2342

S-5156

Amend Senate File 2342, as amended, passed, and
reprinted by the Senate, as follows:

1. Page 17, by striking lines 22 through 29.

2. Page 17, after line 31 by inserting:

<DIVISION _____

UNCLAIMED LIFE INSURANCE DEATH BENEFITS

Sec. _____. NEW SECTION. 507B.4C Unclaimed life insurance.

1. *Purpose.* The purpose of this section is to require complete and proper disclosure, transparency, and accountability relating to any method of payment for life insurance death benefits regulated by the commissioner.

2. *Definitions.* As used in this section, unless the context otherwise requires:

a. "Account owner" means the owner of a retained asset account who is a resident of this state.

b. "Annuity" means an annuity contract issued in this state. "Annuity" does not include any annuity contract used to fund an employment-based retirement plan or program where the insurer takes direction from the plan sponsor or plan administrator.

c. "Authorized person" means a policy owner, insured, annuity owner, annuitant, or account holder, as applicable under a policy, annuity, or retained asset account.

d. "Death master file" means the United States social security administration's death master file or any other database or service that is at least as comprehensive as the United States social security administration's death master file for determining that a person has died.

e. "Death master file match" means a search of the death master file that results in a match of an authorized person's name and social security number or an authorized person's name and date of birth.

f. "Insurer" means a life insurance company regulated under chapter 508.

g. "Policy" means any policy or certificate of life insurance issued in this state. "Policy" does not include any of the following:

(1) A policy or certificate of life insurance which provides a death benefit under an employee benefit plan subject to the federal Employee Retirement Income Security Act of 1974, Pub. L. No. 93-406, as codified at 29 U.S.C. §1002 et seq.

(2) A policy or certificate of life insurance which provides a death benefit under an employee benefit plan subject to a federal employee benefit program.

(3) A policy or certificate of life insurance

1 which is used to fund a preneed plan for cemetery
2 merchandise, funeral merchandise, funeral services, or
3 a combination thereof.

4 (4) A policy or certificate of credit life or
5 accidental death insurance.

6 (5) A policy issued to a group master policyowner
7 for which the insurer does not provide recordkeeping
8 services.

9 *h. "Recordkeeping services"* means services provided
10 by an insurer who has entered into an agreement with a
11 group policy customer to be responsible for obtaining,
12 maintaining, and administering in the insurer's own
13 recordkeeping systems at least all of the following
14 information about each individual insured under
15 the insured's group insurance contract or a line of
16 coverage thereunder:

17 (1) Social security number or name and date of
18 birth.

19 (2) Beneficiary designation information.

20 (3) Coverage eligibility.

21 (4) Benefit amount.

22 (5) Premium payment status.

23 *i. "Retained asset account"* means an
24 interest-bearing account set up by an insurer in
25 the name of the beneficiary of a policy or annuity upon
26 the death of the insured.

27 3. *Insurer duties.*

28 *a.* For any in-force policy, annuity, or retained
29 asset account issued for delivery in this state for
30 which the insurer has not previously been notified of
31 a claim, an insurer shall perform a comparison of such
32 policy, annuity, or retained asset account against the
33 death master file, on at least a semiannual basis, to
34 identify potential death master file matches.

35 (1) An insurer may comply with the requirements of
36 this subsection by using the full death master file for
37 the initial comparison and thereafter using the death
38 master file update files for subsequent comparisons.

39 (2) Nothing in this section shall be interpreted to
40 limit the right of an insurer to request a valid death
41 certificate as part of any claims validation process.

42 *b.* If an insurer learns of the possible death of an
43 authorized person through a death master file match or
44 otherwise, the insurer shall, within ninety days, do
45 all of the following:

46 (1) Complete a good faith effort, which shall be
47 documented by the insurer, to confirm the death of the
48 authorized person against other available records and
49 information.

50 (2) Review the insurer's records to determine

1 whether the deceased authorized person had purchased
2 any other products from the insurer.

3 (3) Determine whether benefits may be due in
4 accordance with the applicable policy, annuity, or
5 retained asset account.

6 (4) If the beneficiary or an authorized person
7 has not communicated with the insurer within the
8 ninety-day period, take reasonable steps, which shall
9 be documented by the insurer, to locate and contact any
10 beneficiary or other authorized person on the policy,
11 annuity, or retained asset account, including sending
12 the beneficiary or other authorized person information
13 regarding the insurer's claims process and regarding
14 the need to provide an official death certificate, if
15 applicable under the policy, annuity, or retained asset
16 account.

17 c. Every insurer shall implement procedures to
18 account for all of the following:

19 (1) Common nicknames, initials used in lieu of a
20 first or middle name, use of a middle name, compound
21 first and middle names, and interchanged first and
22 middle names.

23 (2) Compound last names, maiden or married names,
24 and hyphens, blank spaces, or apostrophes in last
25 names.

26 (3) Transposition of the month and date portions of
27 the date of birth.

28 (4) Incomplete social security numbers.

29 d. An insurer may disclose minimum necessary
30 personal information about a beneficiary or authorized
31 person to an individual or entity whom the insurer
32 reasonably believes may be able to assist the insurer
33 in locating the beneficiary or authorized person
34 entitled to payment of the claims proceeds.

35 e. An insurer or its service provider shall not
36 charge a beneficiary or authorized person any fees
37 or costs associated with a death master file search
38 conducted pursuant to this section.

39 f. The benefits from a policy, annuity, or retained
40 asset account, plus any applicable accrued interest,
41 shall first be payable to designated beneficiaries
42 or authorized persons, and in the event that the
43 beneficiaries or authorized persons cannot be found,
44 shall be reported and remitted to the state as
45 unclaimed property pursuant to chapters 556 and 633.

46 4. *Rules.* The commissioner shall adopt rules to
47 administer the provisions of this section.

48 5. *Orders.* The commissioner may issue an order
49 doing any of the following:

50 a. Limiting the death master file comparisons

1 required under subsection 3, paragraph "a", to an
2 insurer's electronic searchable files or approving a
3 plan and timeline for conversion of an insurer's files
4 to electronic searchable files.

5 *b.* Exempting an insurer from the death master file
6 comparisons required under subsection 3, paragraph "a",
7 or permitting an insurer to perform such comparisons
8 less frequently than semiannually upon a demonstration
9 of financial hardship by the insurer.

10 *c.* Phasing in requirements for compliance with this
11 section according to a plan and timeline approved by
12 the commissioner.

13 6. *Unfair trade practice.* Failure to meet any
14 requirement of this section with such frequency as to
15 constitute a general business practice is an unfair
16 method of competition and an unfair or deceptive act
17 or practice in the business of insurance under this
18 chapter.

19 7. *Insurer unclaimed property reporting.*

20 *a.* If an insurer identifies a person as deceased
21 through a death master file match as described in
22 subsection 3, paragraph "a", or other information
23 source, and validates such information through a
24 secondary information source, the insurer may report
25 and remit the proceeds of the policy, annuity, or
26 retained asset account due to the state prior to the
27 dates required for such reporting and remittance under
28 chapter 556, without further notice to or consent by
29 the state, after attempting to contact any beneficiary
30 under either of the following circumstances:

31 (1) The insurer is unable to locate a beneficiary
32 who is located in this state under the policy, annuity
33 contract, or retained asset account, after conducting
34 reasonable search efforts of up to one year after the
35 insurer's validation of the death master file match.

36 (2) No beneficiary or person, as applicable for
37 unclaimed property reporting purposes under chapter
38 556, has a last known address in this state.

39 *b.* Once the insurer has reported upon and remitted
40 the proceeds of the policy, annuity, or retained
41 asset account to the state pursuant to chapter 556,
42 the insurer is relieved from any and all additional
43 liability to any beneficiary or authorized person
44 relating to the proceeds reported upon and remitted.

45 Sec. _____. EFFECTIVE DATE. This division of this
46 Act takes effect July 1, 2015.>

47 3. Page 17, after line 31 by inserting:

48 <DIVISION _____
49 IOWA PRODUCTS

50 Sec. _____. IOWA PRODUCTS. As a condition of

1 receiving an appropriation, any agency appropriated
2 moneys pursuant to this 2014 Act shall give first
3 preference when purchasing a product to an Iowa product
4 or a product produced by an Iowa-based business.
5 Second preference shall be given to a United States
6 product or a product produced by a business based in
7 the United States.>

8 4. By striking page 17, line 34, through page 18,
9 line 24, and inserting:

10 <Sec. _____. PERSONNEL SETTLEMENT AGREEMENT
11 PAYMENTS. As a condition of the appropriations in
12 this Act, the moneys appropriated and any other moneys
13 available shall not be used for payment of a personnel
14 settlement agreement that contains a confidentiality
15 provision intended to prevent public disclosure of the
16 agreement or any terms of the agreement.>

17 5. Page 18, by striking lines 28 and 29.

18 6. Title page, line 4, after <matters,> by
19 inserting <including penalties,>

20 7. Title page, line 4 and 5, by striking <and
21 retroactive applicability>

22 8. By renumbering as necessary.